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ABSTRACT

Strategic planning in British universities since 1960, during periods of both expansion and retrenchment, is reviewed. Planning approaches undertaken by the government and institutions in different economic environments are explored, along with the contribution of institutional researchers to the planning process. Background information about the British university system and its relationship to the state is included. During the 1960 to mid-1970 period, university access and the size of the university system increased significantly. Planning was incremental and focused on meeting future student target numbers, and enrollment and course choices were important to the planning process. Student flow models and workload models for resource allocation were of concern to researchers. During the 1970s, the government continuously reduced its student number target for the 1980s. Education policy and access to college became dependent on year-by-year public expenditures. Long-term planning and strategic planning were not undertaken during the period of retrenchment; however, greater emphasis was placed on identifying quality and institutional strengths using performance indicators and portfolio analysis. (SW)

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STRATEGIC PLANNING IN BRITISH UNIVERSITIES

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Ann K. Dickey, Chair
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ABSTRACT

This paper reviews strategic planning in British universities over the past twenty-five years. It thus covers periods of major expansion, stagnation and finally retrenchment. The approach to planning taken by national and individual institutions in different economic environments is explored.

The contribution of institutional researchers to the planning process and how the different planning environments have influenced the type of study undertaken is described.

1. BRITISH UNIVERSITY SYSTEM

In order to appreciate the problems of strategic planning in British universities it is necessary to introduce a little background information about the British university system and its relationship to the state.

Most of the funding of the British university system comes from the Government. Although the global sum is fixed by the Government it is allocated to individual institutions by the University Grants Committee. This is a supposedly independent body set up to act as a buffer between the Government and individual institutions. It has a full time chairman and nearly twenty part-time members. Most of the membership is drawn from universities but there are also representatives from Government, industry and other educational sectors. The UGC also has a planning function in that it is responsible for seeing that the development of the university system as a whole is in line with national priorities.

In theory individual institutions can ignore the advice they receive from the UGC and use their grant to pursue their own priorities. In practice this is not really a viable long term option.

Shattock (1984) gives an excellent review of the history of the UGC from its inception in 1919 up to the present day.

2. BRITISH UNIVERSITIES 1960-MID SEVENTIES

The above period saw a major increase in the size of the university system and level of access to higher education. This expansion followed the publication of the Robbins Report (1963). The Government of the day accepted one of the major recommendations of the report, which was that the university system should expand in line with the demand from qualified students. During this period national and institutional planning was based on the "quinquennial system". Under this system universities were asked to prepare plans for a fixed five year period (quinquennium). The UGC received plans from all institutions and made a bid for funds from the Government, taking into account not only plans from individual universities but also national priorities. The Government examined the UGC's requirements for funds and, in the light of this, and national education policy, agreed a global sum (subject to an annual confirmatory vote) for each year of the ensuing quinquennium. The UGC then apportioned this money to individual universities. Broad guidance was given to each university about national needs and priorities and how the UGC sees an institution's future development within this framework.

3. INSTITUTIONAL PLANNING DURING PERIOD 1960-MID SEVENTIES

During this period planning was essentially incremental, there being few examples of universities creating room for growth by eliminating or reducing current commitments. Planning was dominated by the need to meet future student target numbers and the building programme required to house this expansion. Provided that the building programme and student targets were met then the necessary resources would automatically follow. In fact, according to Morgan (1982), planning was often driven by the building programme during

this period. There was also, in some institutions, considerable emphasis on maintaining the historical distribution of resource and ensuring the equitable distribution of additional resources between existing departments.

During the latter part of this period the author worked as an institutional researcher in a new British university. The university had a philosophical commitment to breadth of study and planning priorities were to control intakes and building programmes to meet aggregate student number targets (sub-divided into Arts, Science and Social Science).

There was little attempt by the University to control the detailed shape of its development in that it had a common entry system and resources were allocated to departments on the basis of student enrolment in these areas (Ball, 1977). The University could have been more dirigiste in varying entry requirements on certain options. It chose not to do this, however, so by the end of this period the academic profile was largely driven by pattern of student enrolment and course choices.

4. CONTRIBUTION OF INSTITUTIONAL RESEARCHERS TO UNIVERSITY PLANNING

1960-MID SEVENTIES

Much of the planning work carried out by institutional researchers during this period was to attempt to handle the problems of institutional planning described above. In particular, because of the need to meet student target figures, there was interest in student flow models. Ball (op. cit.) provides an example of one such model developed for a British university. There was also interest in staffing of departments and Simpson (1971) developed a model for projecting the future make-up of a department.

There was also interest in attempting to forecast the full resource implication of particular patterns of development. Ball (1977) describes the development of such a comprehensive model (see Figure I).

We have already mentioned the interest in devising techniques for equitable resource allocation. There was considerable interest in developing work load models for resource allocation (Ball, 1973; Simpson, op. cit.; Fielden and Lockwood, 1974).

5. BRITISH UNIVERSITIES FROM MID-SEVENTIES TO PRESENT

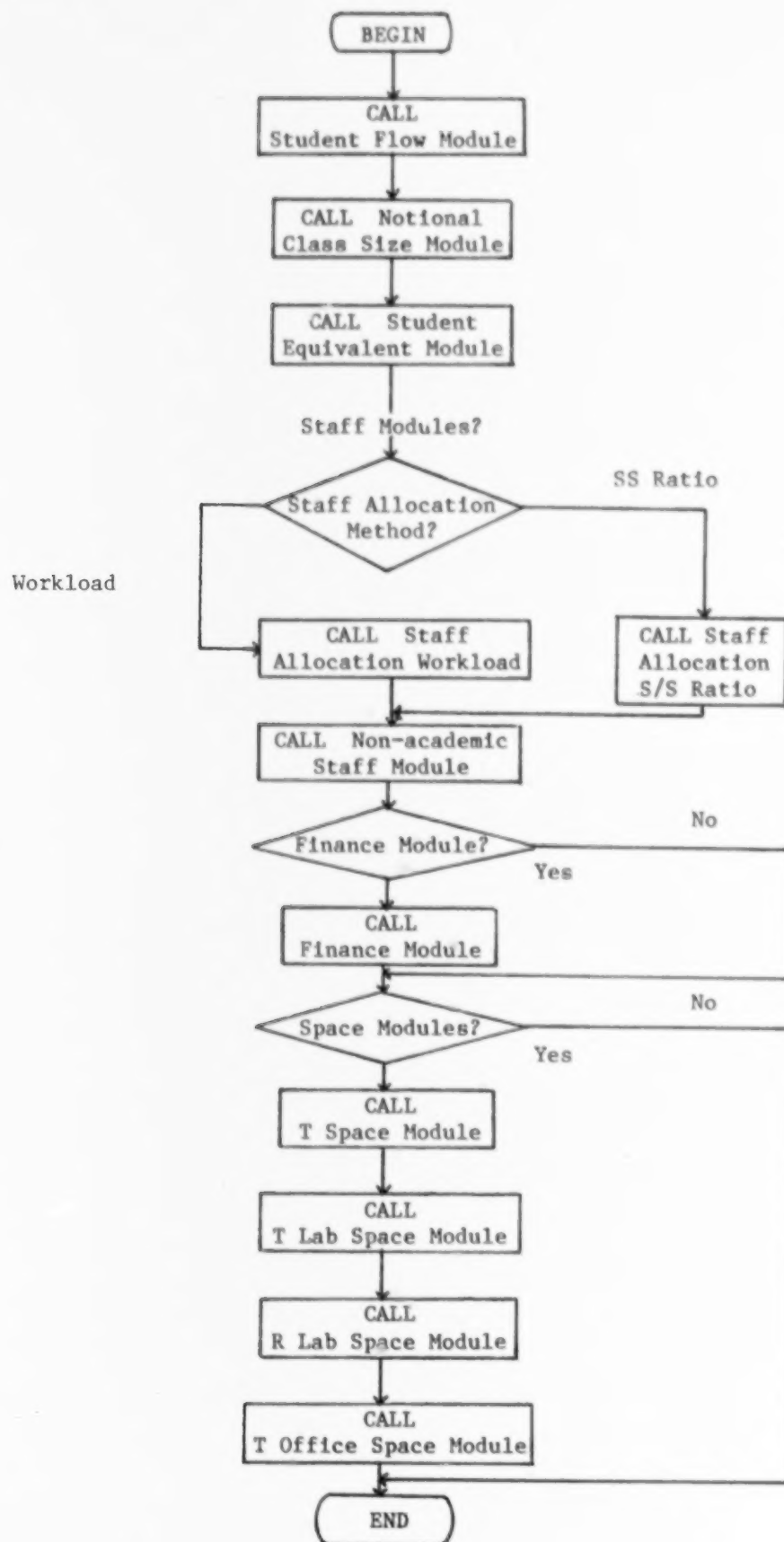
During the 1970s the Government continuously reduced its student number target for the 1980s. This was associated with a fall in the age participation rate. The following table indicates how student projections for 1981/2 were continuously reduced (see Shattock, 1982).

TABLE I:

<u>Year</u>	<u>Student Target for 81/2</u>
1970	835,000
1972	750,000
1974	640,000
1978	560,000
1979	530,000

In any case reductions in capital budgets in 1974 meant that the then projected targets were not feasible. By 1974/5 under high inflation and with the index of university costs showing a yearly rise of 29.4% the quinquennial system was largely abandoned and replaced for a time by a series of annual settlements. Government reservations about the effectiveness of the system were also being expressed.

FIGURE 1:



"It simply will not do to allow universities and polytechnics to produce whatever people they fancy or to relate the number and kinds of places they provided to the applicants that come forward." Lord Crowther-Hunt - Minister of State for Education (1975).

The ending of the quinquennial system saw long term planning effectively abandoned although an attempt to introduce a rolling triennial system was made.

The change in Government in 1979 presaged further declines in the fortunes of British universities. In 1980 the Government stated that it had no particular student projection in mind because student numbers were now entirely expenditure led. Thus, education policy and access to universities was now entirely subject to year-by-year public expenditure considerations. Also in 1980 the Government announced that it intended to cut expenditure in the university system by eight and a half percent in real terms by 1983/4. It was hoped that following this severe cut universities might be able to look forward to a period of level funding. This was not to be, however. At the time of writing (1986), the Government is insisting on cut-backs of 2% per year for four years coupled with further selective cuts in research funding.

This severe deterioration in financial environments has prompted the UGC to adopt a much more dirigiste approach. The Chairman of the UGC (1980) made the point that in an expanding system local and national desires can be reconciled by a policy of "selective additions". In a situation of static or even declining resources such a policy was no longer a viable option and "steerage necessarily becomes more overt".

In May 1981 planning on the basis of an eight and a half percent cut, the UGC considered three scenarios, seeking institutional closures, creating first and

second tier institutions and finally subject based cuts. In the event the third option was chosen and loss of grant by individual institutions varied from 6% to 44%. The Chairman of the UGC stated that the rate of loss of grant would lead to "friction and inefficiency".

According to the Jarratt Report (1983), institutional management had considerable difficulty in reacting to these cuts except by a policy either of "equal misery" or "random misery". This report concluded that there had been a general deterioration in the effectiveness of resource allocation.

Current planning submissions being undertaken for the UGC involve universities specifically targetting their areas of strength.

6. STRATEGIC PLANNING BY BRITISH UNIVERSITIES IN CONDITIONS OF DECLINING RESOURCES

Strategic planning in conditions of declining resources may give rise to considerable difficulty. The difficulty that British universities had in reacting to the cuts of 1981 have been described in the previous section. According to Morgan (op. cit.) the permanence and intensification of uncertainty surrounding contraction fosters an environment with significant barriers to institutional change. The politics of planning in a contracting environment is obviously going to be much more divisive. Cohen and March (1974) confirm that contraction did result in a precipitous rise in conflict and time required to arrive at decisions. Other case studies also reveal increased levels of constituent interest in organisational decision amongst academic and other staff.

In such a climate there is a danger that long term planning will be abandoned in an attempt to "muddle through in the short term". Indeed, the Jarratt Report (op. cit.) notes that long term planning has been largely ignored. Although some institutions have established academic plans looking some two or three years ahead, no strategic corporate planning seemed to exist.

Sizer (1982) makes the point that it is sometimes argued that because an institution cannot plan effectively in the short term then there is little point in attempting long term planning. This, he argues, confuses the problems arising from short term financial uncertainties with the need to examine the impact of long term trends on an institution's portfolio of activities and to develop a strategy for the institution's long term needs.

Shattock (1982) makes similar points. He states that what is required is the development of a long term strategy within which short term planning can take place. He states that such a strategy should contain a mission statement and that short term plans should be geared to strategic plans and need to be more disciplined and more goal orientated.

The Jarratt Report notes that strategic planning and consensus management in a situation of declining resources may be inimical. But it also warns: "A university not giving consideration to questions of where it stands academically in relation to quality, spread and market performance and where it wants to be in five year's time will have less chance of success and will be in danger of drifting."

In their current (1985/6) round of planning for the late 1980s, institutions have been encouraged to identify and consolidate on areas of strength and to seek to rationalise in weaker areas or areas where the level of activity was

too small to be economic. For instance, Stirling University's plan (1985) involves expansion in perceived areas of strength in Business and Management, Aquaculture and Computing Science with drastic reductions in its activities in Physics and Mathematics and complete elimination of the small departments of Politics, Music and Fine Art.

7. CONTRIBUTION OF INSTITUTIONAL RESEARCH TO UNIVERSITY PLANNING

MID-SEVENTIES TO PRESENT

7.1 General

The types of study discussed in Section 3 are of lesser value in the current environment of declining resources. There is much less emphasis on equitable resource distribution and problems of achieving student number targets are much less intractable.

Instead there is much more emphasis on devising methods of identifying quality and institutional strengths. To quote from Drucker (1979): "Only by knowing the strength present in people/products or services can an organisation prioritise available opportunities". What, however, is meant by quality in this context? According to Lawrence and Green (1980) quality assessments should take cognisance of the following:

1. Quality assessment cannot be made in the abstract but must be referenced to departmental or institutional goals or objectives.
2. The diversity of institutions should be recognised. To compare everything with a common yardstick is to fail to recognise that different activities serve different constituencies and have different goals and objectives.

3. Quality assessment should be aimed at improving programmes as well as simply rating them.
4. Quality assessments should be dynamic, that is it should recognise not just the activity as it is now but how it started and its future potential.
5. Consideration needs to be given to the "value added" factor.

7.2 Performance Indicators

One approach to trying to assess quality is the development and application of performance indicators. A performance indicator is a (usually) quantitative and objective measure of the success of an institution in meeting its goals. There are clearly considerable problems in identifying an institution's goals and also of distinguishing between output goals and process goals (goals related only to the internal performance of the university). Some of these methodological problems are discussed in Sizer (1979) and in Romney et al (1979).

Over the years, however, a substantial amount of work has been carried out in the UK in this field, particularly under the OECD programme on institutional management in higher education. The work of Birch et al (1977) and Calvert (1981) is worthy of note in this respect. The Jarratt Report (1985), which was primarily a report about university efficiency, noted that in many institutions performance indicators were used to supplement quantitative judgement in the allocation of resources. It called for more work to be carried out in this field. "There is a recognised need for reliable and consistent performance indicators. These need to be urgently developed for

universities as a whole and for individual universities as an integral part of the resource allocation process."

The UK Government (1985) has also published a Green Paper on Development of Higher Education into the 1990s. This document also argues a case for the use of performance indicators. "Sound management is based not only on an efficient use of resources (inputs) but also on the effectiveness of the results obtained (outputs). This argues for the need to develop and use measures of performance."

Currently a joint working group on performance indicators has been set up by the UGC and the Committee of Vice Chancellors and Principals (university "presidents"). The list of indicators has not yet been finally settled but the following selection are seriously considered (Times Higher Education Supplement, 1986):

Teaching:

Undergraduate wastage rate
Destination of graduates
Cost per graduate
Postgraduate and professional training
Student questionnaires
Rate of return to a degree

Research:

Analysis of publications
Citations
Research income
Number of research students
Submission rate for research students
External academic staff appointments (editorship of journals; membership of research councils).

The methodology developed by Ball and Halwachi (1985), which outlines a more subjective but more direct approach to assessing institutional performance, is also worthy of note.

7.3 Portfolio Analysis

Sizer (1982) and Foster (1983) suggest that an institution adopts the use of portfolio analysis for providing a framework for strategic decision-making on areas of growth and consolidation. Sizer suggests the following matrix:

TABLE II:

		<u>SUBJECT AREA ATTRACTIVENESS</u>		
		HIGH	MEDIUM	LOW
<u>UNIVERSITY</u>	HIGH	Growth	Selective growth or consolidation	Consolidation
<u>STRENGTHS</u>	MEDIUM	Selective growth or consolidation	Consolidation	Planned withdrawal or re-deployment
<u>IN THE</u>	LOW	Consolidation or planned withdrawal and re-deployment	Planned withdrawal and re-deployment	Planned withdrawal and re-deployment
<u>SUBJECT</u>				
<u>AREA</u>				

He also suggests a number of factors which contribute towards subject area attractiveness and towards measuring university strengths. Factors listed as contributing to subject area attractiveness include market size, market growth rate, demographic trends and scientific importance. Factors listed as contributing to university strengths in the subject area include size of department, number of applications, research record and research capability etc.

The point is made that institutions may not wish to withdraw from all low strength, low attractiveness subject areas. There is a serious risk, however, that if this is not done under conditions of stagnation or contraction, then the university will not be able to support existing developments and new developments in emerging areas which have high future attractiveness.

"Higgledy-piggledy expansion may have been acceptable in the past but higgledy-piggledy stagnation or decline may not lead an institution to recognise the need to redeploy resources from low strength, low attractiveness areas into emerging and existing growth areas."

(18)

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